

Financing for International Buyers of US Equipment and Capital Goods

M&T Bank

International Trade Finance Division



About M&T Bank

- 15th largest bank in the US with more than \$66 billion in Assets
- Founded in 1856
- More than 700 Branches in the Mid-Atlantic Region
- Rated A- by S&P and Fitch – A3 by Moody's
- Included in the "S&P 500" and the "Fortune 500" (NYSE: MTB)
- The Main Shareholders are:
 - 22% - Employees and Management
 - 23% - Allied Irish Bank
 - 5% - Berkshire Hathaway (of Warren Buffet) shareholder since 1990



M&T Bank's Relationship with Ex-Im Bank

Frequent User of Ex-Im Bank Programs

- More than 13 years of experience
- Highly Experienced Export Finance Team
- Two Ex-Im Veterans on our Team
- Considerable Export L/C Expertise



Medium-Term Financing for Your Customers' Purchases of Capital Goods



Purpose

- Provide financing for your buyers' purchases of equipment, capital goods and other fixed assets produced in the United States.

Benefits

- Financing for up to 85% of the Invoice Value
- Financing Terms of 5 to 7 years (up to 15 years for Environmentally-Beneficial transactions)
- Fixed or Floating Interest Rates
- Packages of small as well as large items can be financed
- Financing for goods that have shipped up to 6 months prior to submitting an Application to Ex-Im Bank.
- The Ex-Im fees associated with this type of financing are included in the loan amount
- The overall costs of financing are usually much lower than what is available from local institutions
- Typically no security is required

Repayment Terms



- Usually 10 semiannual installments, beginning 6 months from Final Shipment.

If the Exporter is responsible for Installation, repayment begins 6 months from completion of Installation

- For Transactions > \$15 Million: 14, 17, 20 Semi-Annual Installments may be possible.
- For transactions to the Medical Sector, 14 Semi-Annual Installments may be possible.
- Extremely long Repayment Terms of 20-30 Semi-Annual Installments may be available for Renewable Energy and other Environmentally-Friendly Projects.

Interest Rates

6 Month US\$ LIBOR plus a Margin

Margin depends on characteristics of the transaction:

Term of Loan, Borrower Strength and Market Conditions

Interest is paid in arrears on the repayment dates

Fixed Rate Financing is also Available

Fees

1. Ex-Im Exposure Fees

Ex-Im Fee is Rolled into Financing

2. M&T Bank Facility Fee: Paid at Loan Closing.

3. Legal Fees for Loan Document Preparation.

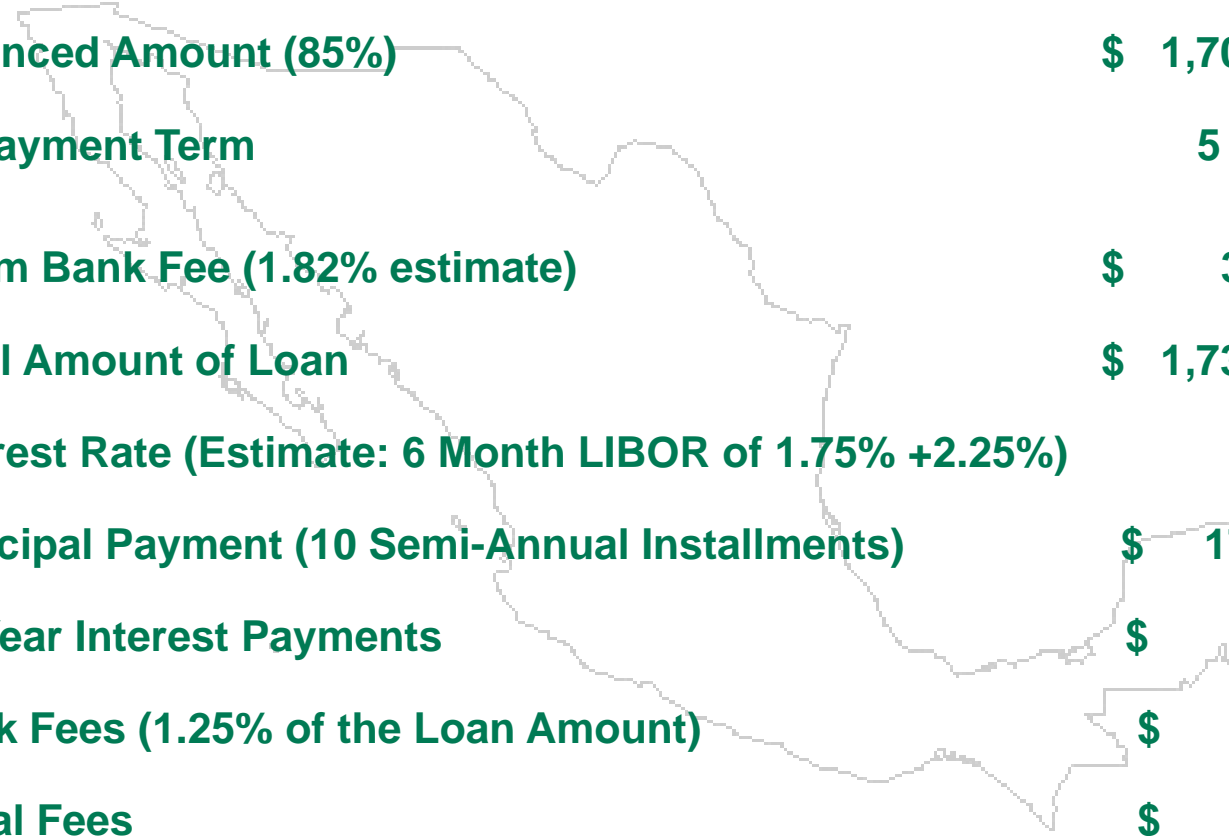
4. For Loans > \$10 million, Ex-Im Commitment Fee of 1/8% on Undisbursed Balances.

How we Fund

We Can Fund in One of the Following Ways:

- Reimburse U.S. Exporter after Shipment.
- Reimburse Buyer after Shipment.
- Issue L/C to U.S. Exporter, who Draws upon L/C after Shipment.
- Pay Exporter as Buyer Certifies to the Exporter's Satisfaction of Contractual Milestones

Example of a Possible Transaction in Mexico



▶ Invoice Value	US\$ 2,000,000
▶ Down Payment (15%)	\$ 300,000
▶ Financed Amount (85%)	\$ 1,700,000
▶ Repayment Term	5 Years
▶ Ex-Im Bank Fee (1.82% estimate)	\$ 30,940
▶ Total Amount of Loan	\$ 1,730,940
▶ Interest Rate (Estimate: 6 Month LIBOR of 1.75% +2.25%)	4.0%
▶ Principal Payment (10 Semi-Annual Installments)	\$ 173,094
▶ 1 st Year Interest Payments	\$ 69,237
▶ Bank Fees (1.25% of the Loan Amount)	\$ 21,636
▶ Legal Fees	\$ 4,500

Annual Arithmetic Mean Cost of Financing is = 4.62%

M&T Bank

Credit Process

1. Information Collection and Assembly
2. Credit Memo Preparation
3. Ex-Im Credit / Transaction Review
4. Credit Documentation
5. Reimbursement or Draws under L/C
6. Loan Servicing and Repayment

Credit Information



- ✓ History of the Company:
 - General Data, Objectives, Operations/Activities, Market Position, Administrative Structure, etc.
- ✓ Audited Financial Statements from the last three years of operations and most recent interim results
- ✓ Three Reference Letters from Banks and Commercial Suppliers
- ✓ Exporter's Proforma Invoices/Quotes

Key Borrower Credit Strengths

- **Many Years in Business**
- **Significant Sales Volume**
- **Tangible Net Worth**
- **Bank Borrowing Experience**
- **Quality of Audited Financial Statements**
- **Ample Debt Service Coverage**
- **Moderate Size of Expansion**

Credit Documentation

- **Credit Agreement**
- **Promissory Notes**
- **Articles of Incorporation**
- **Corporate Borrowing Resolution**
- **Officers' Signing Authority**
- **Signature Cards**
- **Legal Opinion of Borrower's Counsel**



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Contact Us

David Cooke

DCooke@mtb.com
410.244.4035

Ben Akuete

BAkuete@mtb.com
410.244.4077

Michael Cusack

MCusack@mtb.com
410.244.4281

Jackie Tanenbaum

JTanenbaum@mtb.com
410.244.4512

www.mtb.com
www.mtb.com/international

